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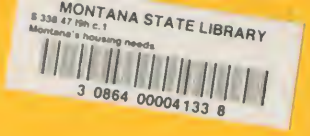

INTER GOVERNMENTAL RELATIONS

GH101

MONTANA'S HOUSING NEEDS

Published by

Housing Division

DEPARTMENT OF INTERGOVERNMENTAL RELATIONS

HELENA, MONTANA

Tom Mangan, Acting Director

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MONTANA'S HOUSING NEEDS

TABLE OF CONTENTS

		Page
	CHAPTER I -- INTRODUCTION	
A.	STATEMENT OF PURPOSE	1
B.	INFORMATION SOURCES	1
C.	DATA DISCUSSION	2
	CHAPTER II -- GENERAL POPULATION AND HOUSING CHARACTERISTICS	
A.	MONTANA AND THE NATION	4
B.	MONTANA -- URBAN/RURAL	7
C.	MONTANA -- COUNTY CHARACTERISTICS	11
	CHAPTER III -- SELECTED HOUSING CHARACTERISTICS	
A.	PLUMBING CHARACTERISTICS	19
B.	OVERCROWDING	19
C.	OTHER INDICATORS OF THE QUALITY AND QUANTITY OF THE HOUSING STOCK	23
	CHAPTER IV -- SELECTED SOCIAL AND ECONOMIC CHARACTERISTICS	
A.	HOUSING DOLLAR VALUE AND DOLLAR MONTHLY RENT	28
B.	POVERTY LEVEL CHARACTERISTICS	28
	CHAPTER V -- HOUSING NEEDS ESTIMATE	
A.	METHODOLOGY	35
B.	1970 ESTIMATE	37
C.	1980 ESTIMATE	39
	CHAPTER VI -- MONTANA HOUSING -- THE GENERAL OUTLOOK	
A.	HOUSING CONDITION	42
B.	HOUSING COSTS	42
	APPENDIX -- SELECTED CENSUS DEFINITIONS	i

LIST OF FIGURES

Figure No.	Title	Page No.
1	Total Population	5
2	Population Age Group Trends -- % Distribution by Sex, 1960-1970	6
3	Median Family Income	8
4	Occupied Housing Units (Owner/Renter)	9
5	Year Round Housing Units- % with Incomplete Plumbing Facilities (State/Nation)	9
6	Vacancy Rate (State/Nation)	9
7	Occupied Housing Units (Urban/Rural)	10
8	% of Year Round Units with Incomplete Plumbing Facilities (Urban/Rural)	10
9	% of Units with 1.01+ Persons/Room (Urban/Rural)	10
10	Change of Population 1960-1970	12
11	Net Migration 1960-1970	14
12	Median Family Income 1970	15
13	Mean $ Value for Single Family Units	16
14	Mean $ Monthly Rent	17
15	Housing Units with Incomplete Plumbing Facilities (Counties)	18
16	Housing Units with Incomplete Plumbing Facilities (% of Year Round Units)	20
17	Housing Units Lacking Complete Plumbing Facilities (% of Occupied Units)	20
18	Housing Units without Flush Toilet (% of Year Round Units)	21
19	Housing Units with no Piped Water in Structure (% of Year Round Units)	21

LIST OF FIGURES

Figure No.	Title	Page No.
20	Population in Housing Units with 1.01+ Persons/Room (% of Total Population)	22
21	Population in Housing Units with 1.01+ Persons/Room (% Lacking Complete Plumbing Facilities)	22
22	Housing Units with 1.01+ Persons/Room (% Urban and Rural)	22
24	Mobile Homes by Geographic Area (% of Year Round Units)	24
26	Housing Heating Fuel (Distribution for Occupied Units)	26
27	House Heating Equipment (% Using Utility Gas)	27
28	Urban and Rural Occupied Units (% Using Utility Gas)	27
29	Distribution of Selected Owner Occupied Units by $ Value	29
30	Distribution of Selected Renter Occupied Units by $ Monthly Rent	29
31	Selected Owner Occupied Units (% Above and Below Poverty)	31
32	Selected Renter Occupied Units (% Above and Below Poverty)	31
33	Income to Poverty Level Ratio (% of Families in Selected Categories)	32
34	Families Below Poverty Level (% in Selected Income Type Categories)	32
35	Poor Persons in Households (% White & Non-White)	33
36	Poor Persons In Households (Geographic Distribution)	33
37	Population 65+ Years Old (% Below Poverty Level)	34
38	Population 65+ Years Old Receiving Social Security or Railroad Retirement (% Below Poverty Level)	34

LIST OF TABLES

Table No.	Title	Page No.
V-1	Inadequate Housing (1970 Estimate)	38
V-2	Inadequate Housing (1980 Estimate)	40
VI-I	Consumer Price Index: Selected Years	43
VI-2	Selected Housing Series of the Consumer Price Index: Selected Years	45
VI-3	Median Sales Price of New One-Family Homes Sold by Region and Types of Financing: Selected Years	46
VI-4	Basic Housing Cost Estimate	47
VI-5	Yearly Estimated Housing Expenses	48
VI-6	Average Monthly Housing Payments as a Percent of Total Monthly Cost	48

CHAPTER I

INTRODUCTION

A. STATEMENT OF PURPOSE

This report intends to present a general overview of housing conditions throughout the state, and to establish a preliminary housing needs estimate based on the analysis of several criteria available from the Census of Population and Housing. The information included should be sufficient for those desiring an insight into the magnitude of the Montana housing problem and the extent to which it affects the minority population and those living in urban/rural areas.[1]

Hopefully, the information will encourage the development of a more current and accurate data system by local communities in cooperation with the State of Montana. If new housing surveys are designed to reflect housing demand in addition to need, then the utility of the housing data system will be greatly increased.

B. INFORMATION SOURCES

Housing and population data for the first part of the report were obtained primarily from census publications. Percentages shown in Chapter II were taken from 1960 and 1970 Bureau of the Census Summary Characteristics for Areas and Places, and percentages for Chapter III and part of Chapter IV were calculated from tables listed in General Housing Characteristics and Detailed Housing Characteristics (U.S. Dept. of Commerce, Bureau of the Census; Pub. No's HC(1)-A28 and HC(1)-B28 respectively).

Because more detailed information is generally available in the Census Fourth Count Summary Tape, this was selected as the base for estimating 1970 housing needs (the tapes contain more data items for each area than are available from the printed reports). Tabulations considered essential in estimating housing need were extracted from the housing summary tape and used to help identify "inadequate" housing units on a state-wide basis. Although the Fourth Count Summary Tape is made from 20, 15, and 5 per cent samples, the data has a high correlation to 100% sample items.

---

1. More specific information will be available later in a technical supplement which lists housing data on a county-wide basis in numerical tables and percentage charts.

C. DATA DISCUSSION

1. DATA LIMITATIONS

The process of identifying housing inadequacies and attempting to assign these criteria to housing units by geographic area is extremely complex. Theoretically, the most meaningful housing needs estimate should be derived from a uniform state-wide data base that directly links housing condition and occupant characteristics.[1] However, since it is presently not feasible to obtain "current" uniform housing information from independent housing surveys (because of lack of data and differences in methodology), we are limited to data available from the Bureau of the Census which provides a uniform look at housing conditions, but few direct ties to the occupants of the units. Analysis of this information will produce a rough estimate of housing "need" through the use of several assumptions regarding the correlation between census data items and the definition of inadequate housing.

2. INADEQUATE HOUSING

For the purpose of this report, we will identify inadequate housing through the use of several measures of the housing stock provided on the Fourth Count Summary Tape. The following three elements were considered the best available in defining the adequacy of housing throughout the state:[1]

a) Physically substandard housing units.
b) Overcrowded housing units.
c) Housing Units whose occupants pay a disproportionately large share of income for rent.

Census data items respectively used to quantify these three housing quality indicators were:

a) Housing units with incomplete plumbing facilities or below a specified cutoff value.
b) Housing units with 1.01 or more persons/room.
c) Gross rent as a percentage of income.

1. The only data source which approaches this type of information is the Public Use Sample (a 5% sample). It gives information on housing and population characteristics for each household. The data was not readily available to use at the time of publication, but may be used in the future to check the housing needs estimates.

2. This is basically the same approach as used in the Report on Missouri Housing Needs 1970-80; prepared by Coopers & Lybrand for the Missouri Housing Development Commission.

Since other characteristics of housing must be considered in designing programs to help alleviate any of the housing problems, a section entitled "Other Indicators of the Quantity and Quality of the Housing Stock" has been included in Chapter III. In addition to this, all of Chapter IV has been devoted to the analysis of data which will help to exemplify the social and economic aspects of inadequate housing in Montana.

CHAPTER II

GENERAL POPULATION AND HOUSING CHARACTERISTICS

A perspective on the housing situation in Montana requires a comparison of the state's population and housing trends with those of the nation. This helps to illustrate the general magnitude and direction of Montana's growth and the amount of deviation from the average national pattern. Also shown in this chapter are state-wide urban/rural statistics and general population and housing characteristics for counties within Montana's twelve Multi-County Districts.

A. MONTANA AND THE NATION

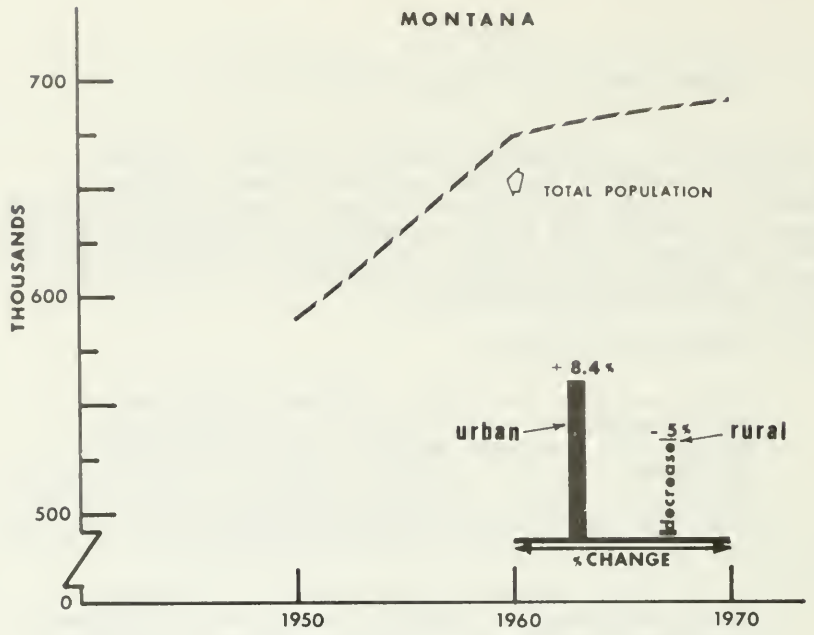
During the period from 1950 to 1960 both Montana and the Nation experienced a significant increase in population. Montana moved from under 600,000 total population to near 675,000 while the U. S. population jumped from 150 million to 180 million. However, as shown in Figure No. 1, the national trend from 1960 to 1970 continued approximately along the same line while Montana grew at a greatly reduced rate.

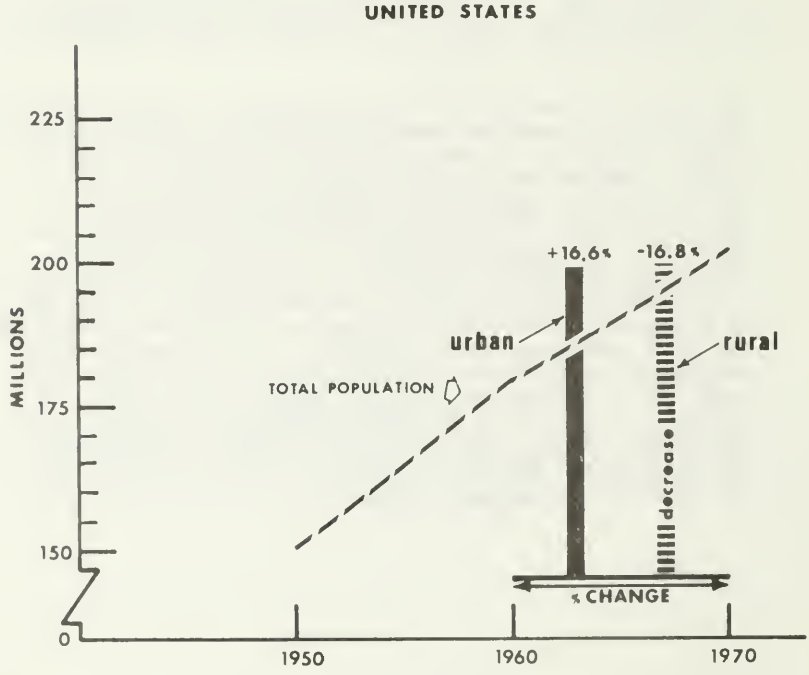
The continuing emphasis on high productivity-low manpower farming operations has produced a marked effect on the urban/rural population balance. The National urban component has increased by 16.6% and the rural population has decreased by 16.8% since 1960. In Montana the same thing has happened, but to a lesser degree because of the state's greater dependence on the agricultural industry.

The change in composition of major age group categories has an impact on the demand and need characteristics of the housing market. Figure No. 2 shows the relative change from 1960 to 1970 for Montana and the United States. As shown on the chart, shifts in population for Montana and the Nation are nearly the same. The greatest drop in population level has occurred in the youngest age group. There has also been a drop in the percentage of persons in the 30 to 50 age group, a reflection of the low birth rates in the 1930's. By the end of this decade these relatively low percentages will characterize the upper middle-age group categories. It follows that high percentage groups shown on the Montana chart will be 20 to 40 years old --creating an additional demand in our housing market. It is expected that the number of persons at or over retirement age will remain relatively stable. Consequently, the current high demand for senior citizen housing will probably continue in the years to come.

TOTAL POPULATION

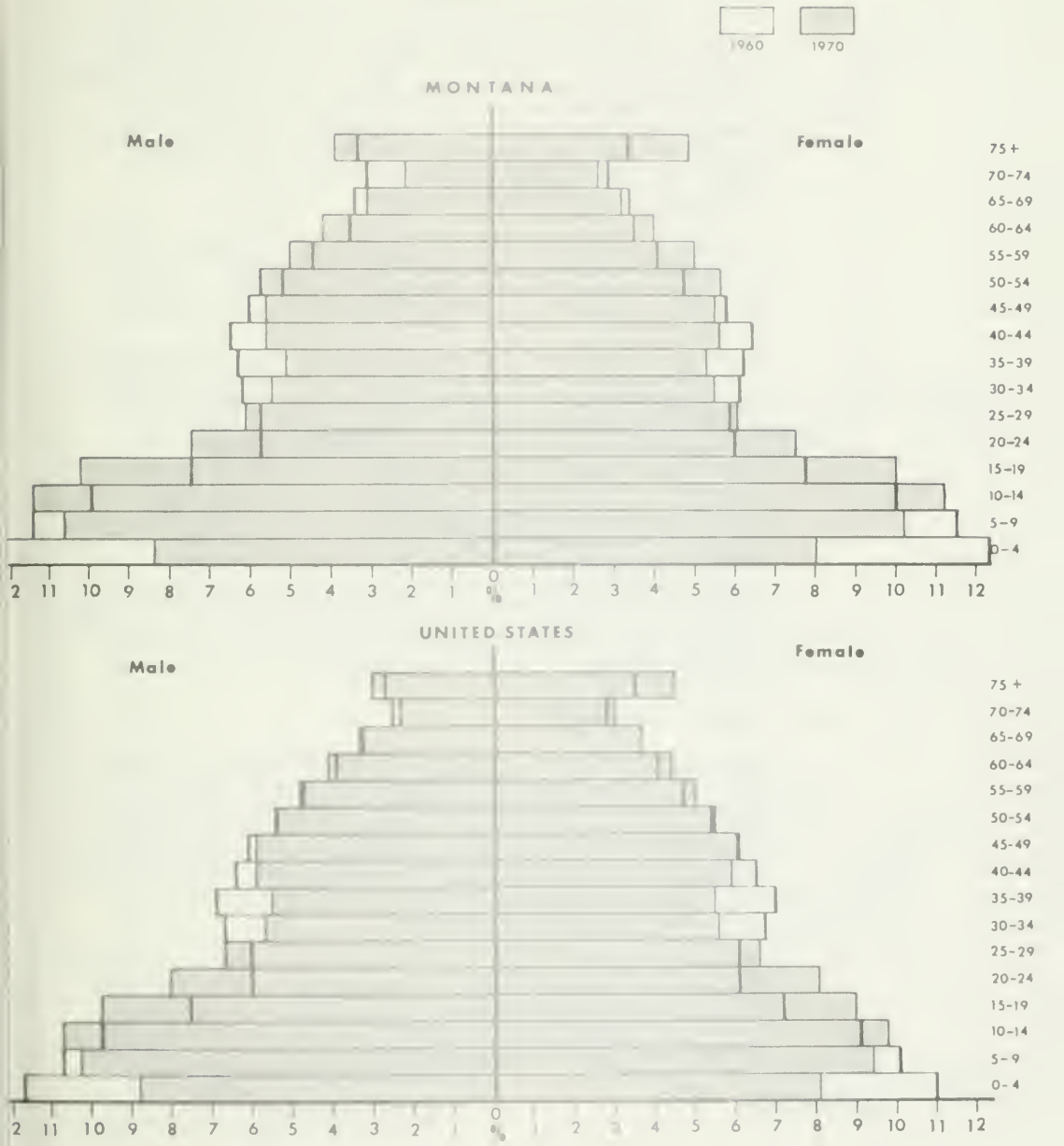
FIGURE NO. 1





POPULATION AGE GROUP TRENDS —
% DISTRIBUTION BY SEX 1960 1970

FIGURE NO. 2



Family income is usually a reliable determinant of a family's ability to afford decent housing. The graphs in Figure No. 3 depict median family income by urban and rural components for Montana and the U.S. The median income for the nation greatly increased during the 1960's from about $5,800 to nearly $10,000. During the same period, Montana's median income increased somewhat less from about $5,300 to $8,500. Therefore, in view of the fact that the cost of housing increased tremendously, in 1970 the average Montanan was far less able to afford housing than the average U.S. citizen.

A comparison of urban and rural annual family incomes for the nation and the state, indicates that the greatest difference is in urban median income. Montana has also been steadily declining in relation to the United States in all categories.

Figure No.'s 4, 5, and 6 provide a general overview of housing characteristics in Montana and the U.S. Montana is slightly more oriented toward home ownership, probably because of the relatively high percentage of rural dwelling units. These rural units also contribute to a higher percentage of the state's year round housing units having incomplete plumbing facilities. The vacancy rates shown in Figure No. 6 are statistically significant principally to the extent that they provide a measure of the mobility of the housing market. Since it is generally believed that 1% and 5% vacancy rates provide adequate mobility for owned and rented housing, respectively, it seems that both Montana and the U.S. have above normal rates. However, using census vacancy rates for a brief point in time as an indicator of the current housing market balance is, at best, highly suspicious.

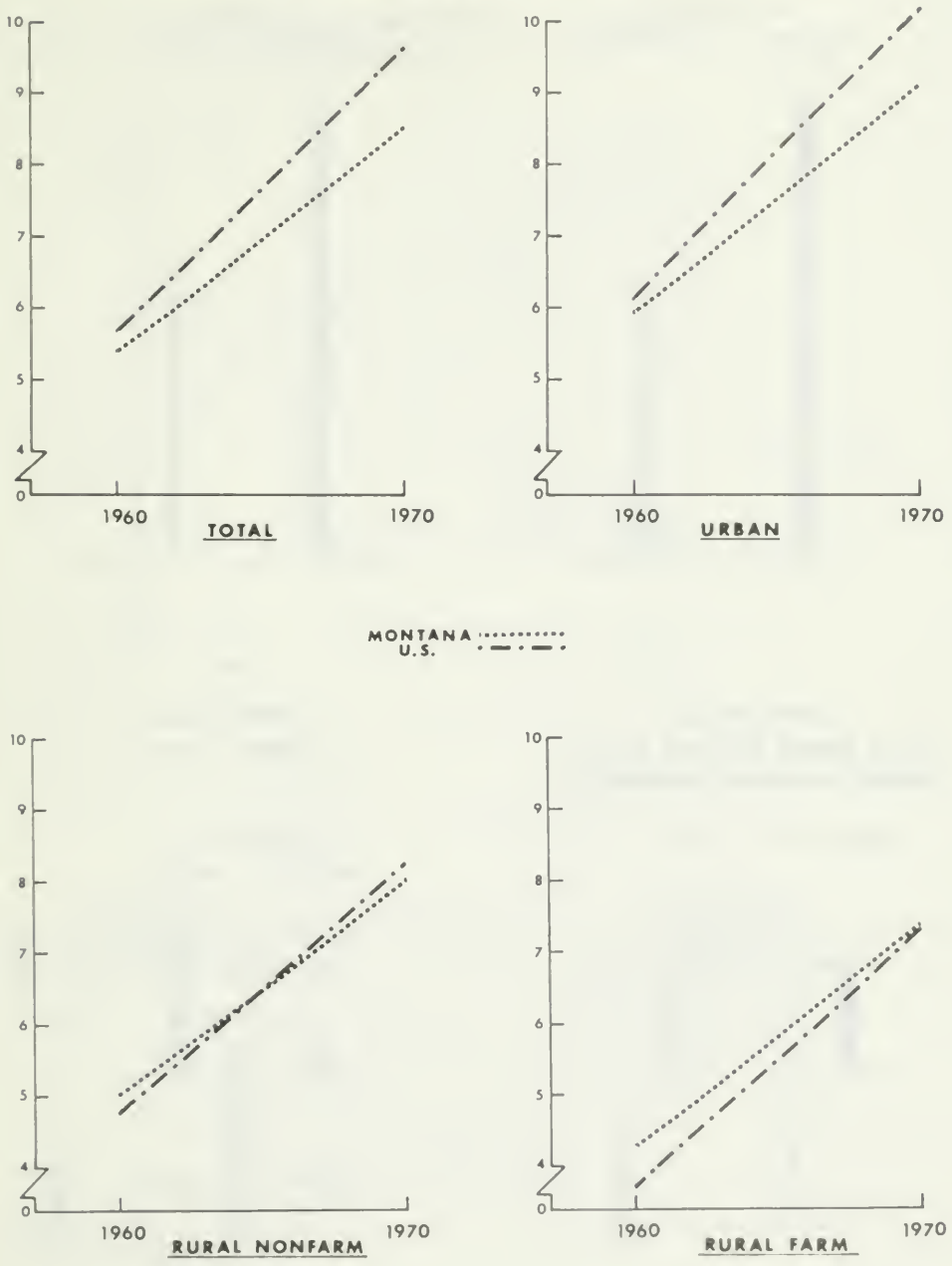
B. MONTANA -- URBAN/RURAL

Nearly half of Montana's population (46.6) was classified as rural under the Bureau of the Census definition in 1970. As shown in Figure No. 7, the urban/rural balance of occupied housing units shifted slightly toward the urban side during the past decade. Nevertheless, the chart shows that Montana's housing distribution could not be termed overwhelmingly urban, thus indicating the need for housing programs servicing both urban and rural populations.

The percentages in Figure No.'s 8 and 9 indicate that inadequate plumbing and crowded housing conditions are more predominant in rural than in urban areas. This is particularly true in the case of units lacking complete plumbing facilities. In Figure No. 8 the higher percentage for rural year round units

MEDIAN FAMILY INCOME
(thousands of $'s)

FIGURE NO. 3



OCCUPIED HOUSING UNITS

FIGURE NO. 4

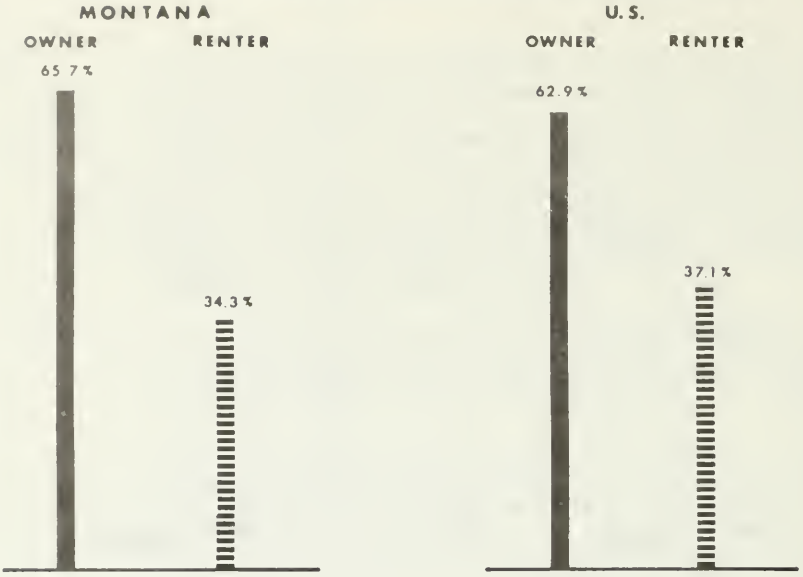


FIGURE NO. 5

YEAR ROUND HOUSING UNITS
% With Incomplete plumbing fac.

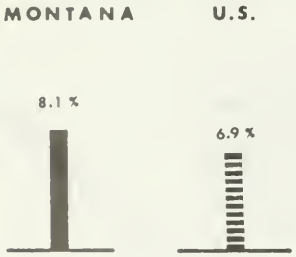
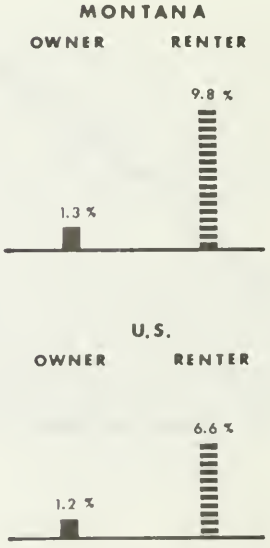


FIGURE NO. 6

VACANCY RATE



OCCUPIED HOUSING UNITS-
URBAN/RURAL

FIGURE NO. 7

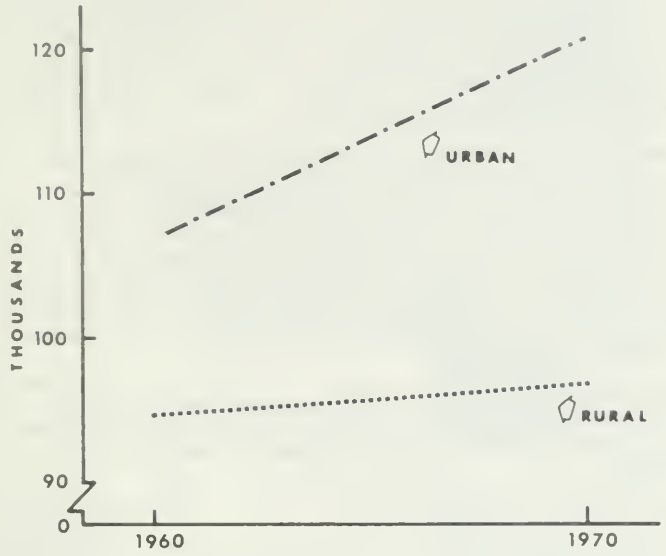


FIGURE NO. 8

% OF YEAR ROUND UNITS WITH
INC. PLUMBING FACILITIES

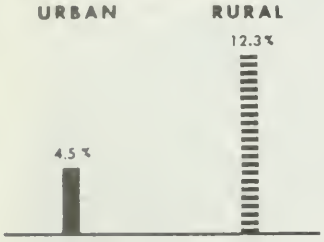
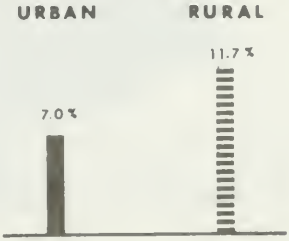


FIGURE NO. 9

% OF UNITS WITH
1.01+ PERSONS ROOM



is a good indication that many people may be living in unsanitary conditions because of the absence of some form of local building standards or codes. However, housing units in urban areas where local codes do exist may have complete plumbing facilities and still be in substandard condition. Although the census data on units lacking complete plumbing facilities does not afford a comprehensive look at the physical condition of housing, it is generally agreed that this is the best uniform measure presently available from which to begin a local survey of substandard housing.

Overcrowded housing is defined as those housing units with more than one person per room. As shown in Figure No. 9, this characteristic of living conditions also more closely associates with the rural population. Since overcrowding is generally thought of as a measure of these household's' inaccessibility to units of appropriate size, a general conclusion is that persons in rural areas are more limited with respect to selectivity in housing choice than are persons in urban areas.

Although these charts reveal higher percentages for rural areas, in terms of absolute numbers, both plumbing incomplete and overcrowded units are major problems in urban as well as rural areas.

C. MONTANA -- COUNTY CHARACTERISTICS

Montana's population decreased from 1960 to 1970 because of a net out-migration, principally from rural farm areas. However, there were some counties (slightly over 25%) which experienced a population increase. Most of those areas which grew during the past decade did so because of a net in-migration. Several counties, notably Yellowstone and Cascade, had a population increase while still experiencing a net out-migration.

As shown in Figure No. 10,[1] with the exception of Yellowstone, Powder River, and Fallon Counties, population growth was limited to the western part of the state. Those counties classified in the high quartile increased in size, with the highest growth rate occuring in Lincoln County. The medium high quartile reflects relatively stable to slightly unstable conditions. Silver Bow County experienced the greatest change in population in this group losing 9.6% of its 1960 population.

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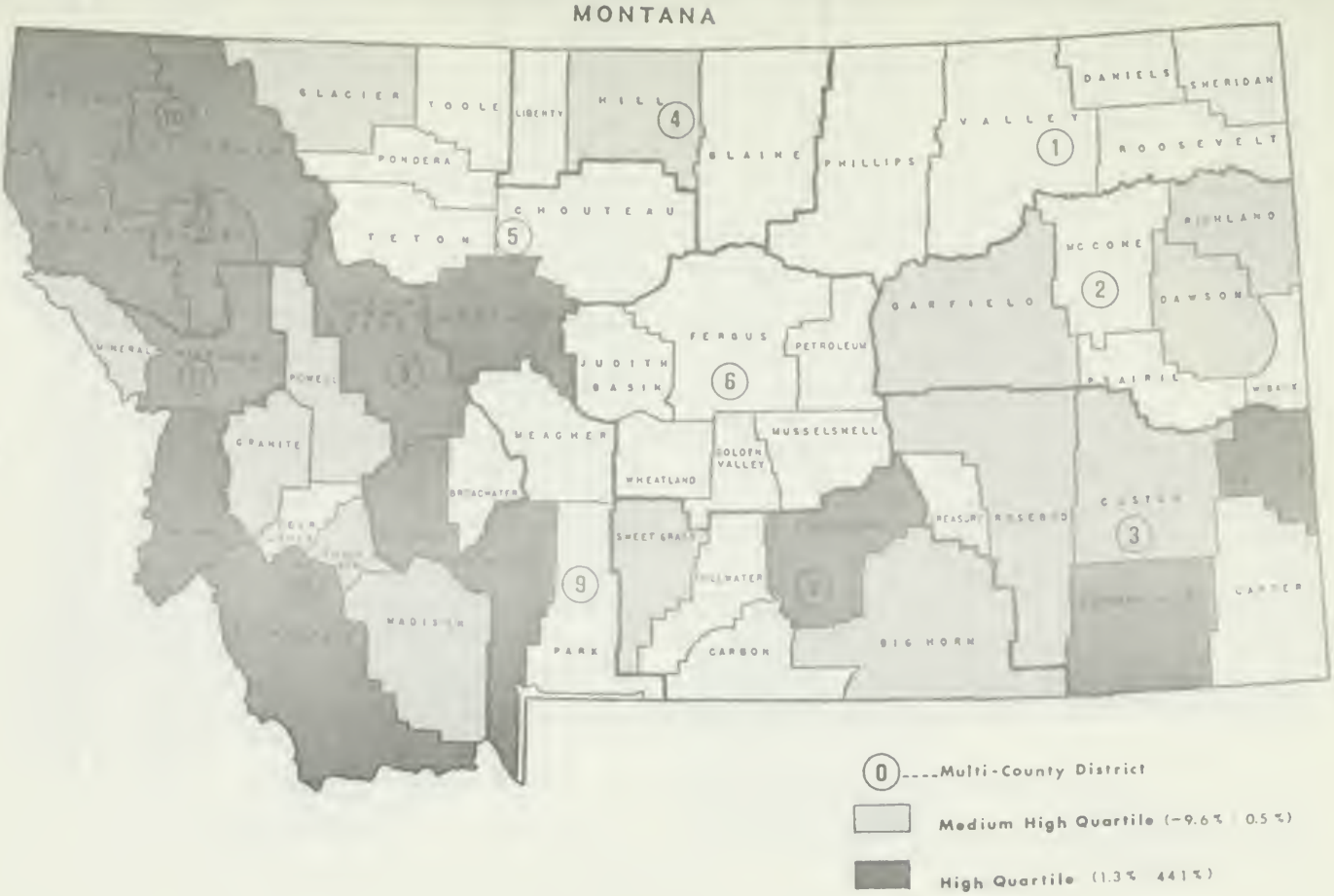
1. Multi-county district boundaries are included on the maps to show the distribution of general characteristics within each district.

CHANGE OF POPULATION 1960 - 1970 FIGURE NO. 10



The Net Migration Map (Figure No. 11) emphasizes that more than 75% of Montana's counties had a net out-migration from 1960 to 1970. Even the high quartile category includes a net out-migration of 7.1%, due to our simplified presentation of the data.

As mentioned earlier in the report, family income is an important consideration in the analysis of the housing market. Figure No. 12 shows the distribution of counties with a median family income under $7,900 (this indicates that 50% of Montana's counties are significantly below the state median of $8,512). All counties shown in the dark shade are predominatly rural in character. Although the cost of living in rural areas is somewhat less than in urban centers, an income of under $8,000 can hardly be considered sufficient to cover the costs of housing rehabilitation or new construction.[1]

The two maps in Figure No.'s 13 and 14 show the distribution of counties with mean low value and low rent housing.[2] This is another reflection of the lower cost of living in rural farm areas. Since most families in the rural counties are accustomed to an agricultural lifestyle and are typically inclined toward home ownership, mean value is a more meaningful figure than mean monthly rent.[3] A basic assumption here is that the low valued homes are so priced, not only because of inconveniences of the rural location, but also because of some physical deficiencies.

Figure No. 15 shows only those counties with an extremely high percentage of housing units with incomplete plumbing facilities. The 16% figure is roughly twice the average percent of incomplete plumbing facilities for the state. Again the distribution shown emphasizes the rural problem -- but it should be noted that in Montana even the urban component has 4.5% of year round units with incomplete plumbing facilities (roughly 6,000 dwelling units).

---

1. According to an article in the June 16, 1974 issue of the Great Falls Tribune, Department of Labor statistics show that an urban family of four requires $12,600 annually to maintain a moderate standard of living. The same family can live at an austere level for $8,200.

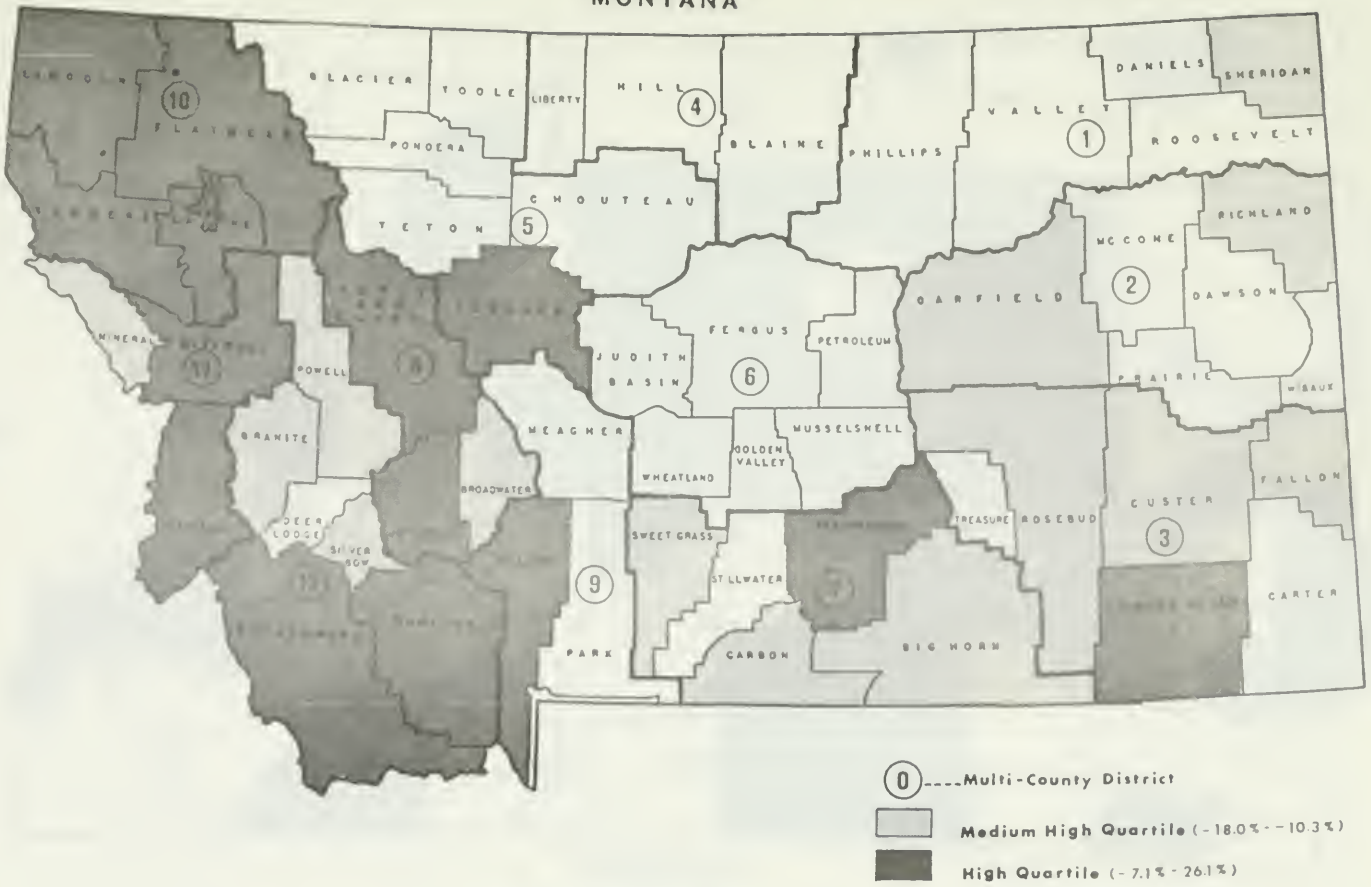
2. For the purpose of this discussion, low value and low rent areas are those counties with a mean $ value and $ monthly rent approximately one-third below the mean value and rent for Montana (which are $15,474 and $78/monthly respectively).

3. Median $ value would be somewhat lower than the mean (i.e. there are more homes valued under $10,200 than over) thereby indicating an even greater need for housing assistance programs.

NET MIGRATION 1960–1970

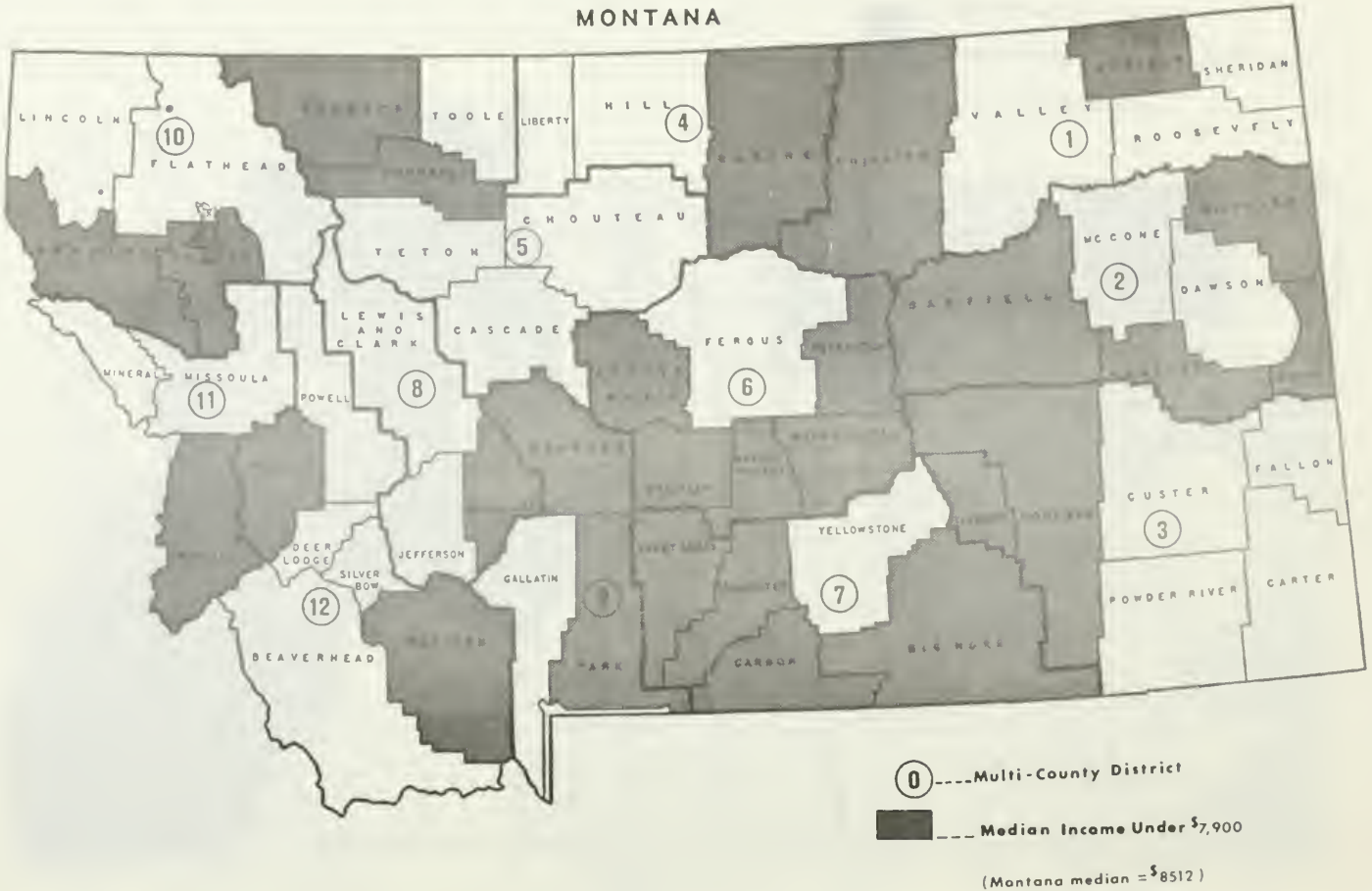
FIGURE NO. 11

MONTANA



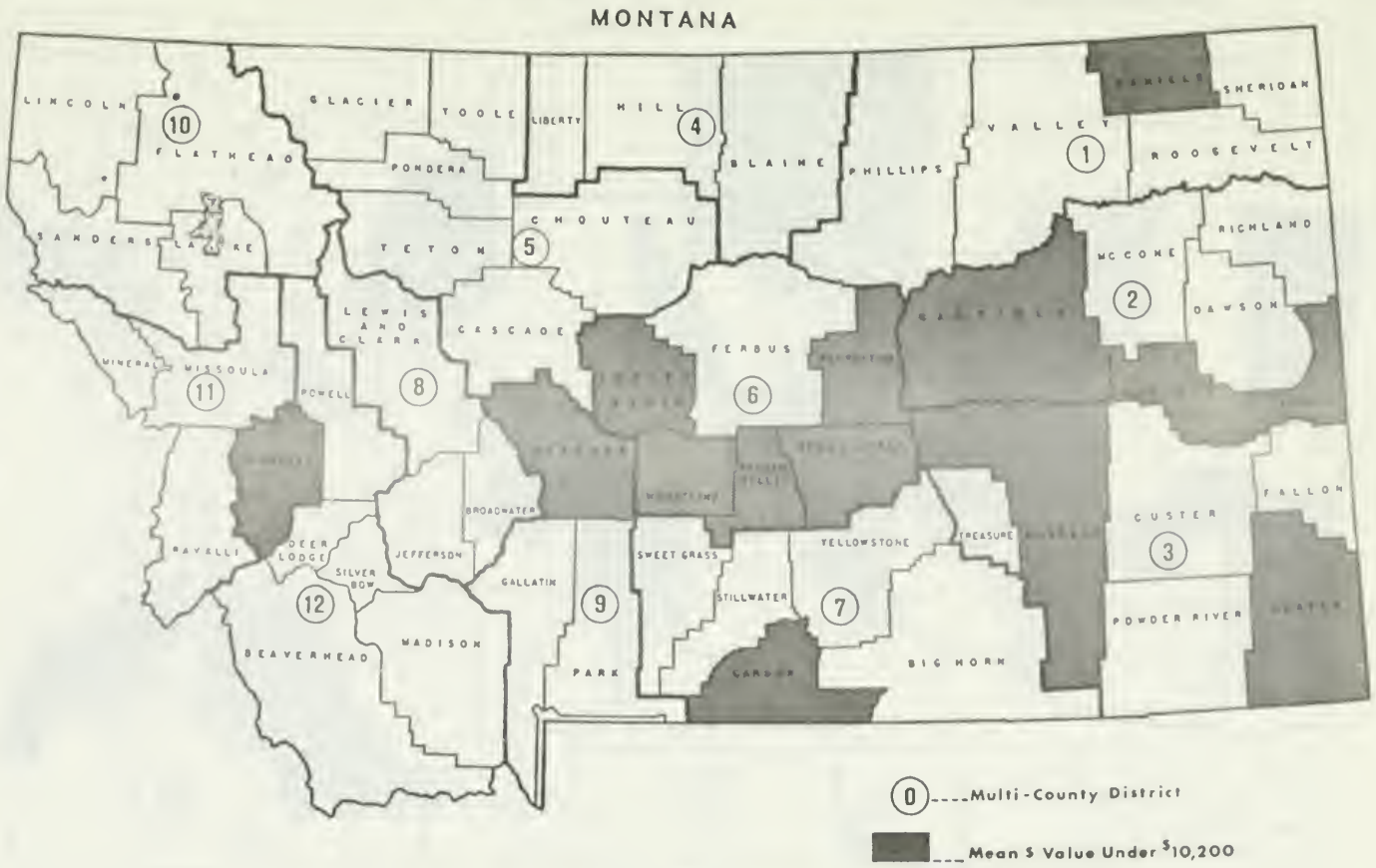
MEDIAN FAMILY INCOME - 1970

FIGURE NO. 12



MEAN S VALUE FOR SINGLE FAMILY UNITS

FIGURE NO. 13

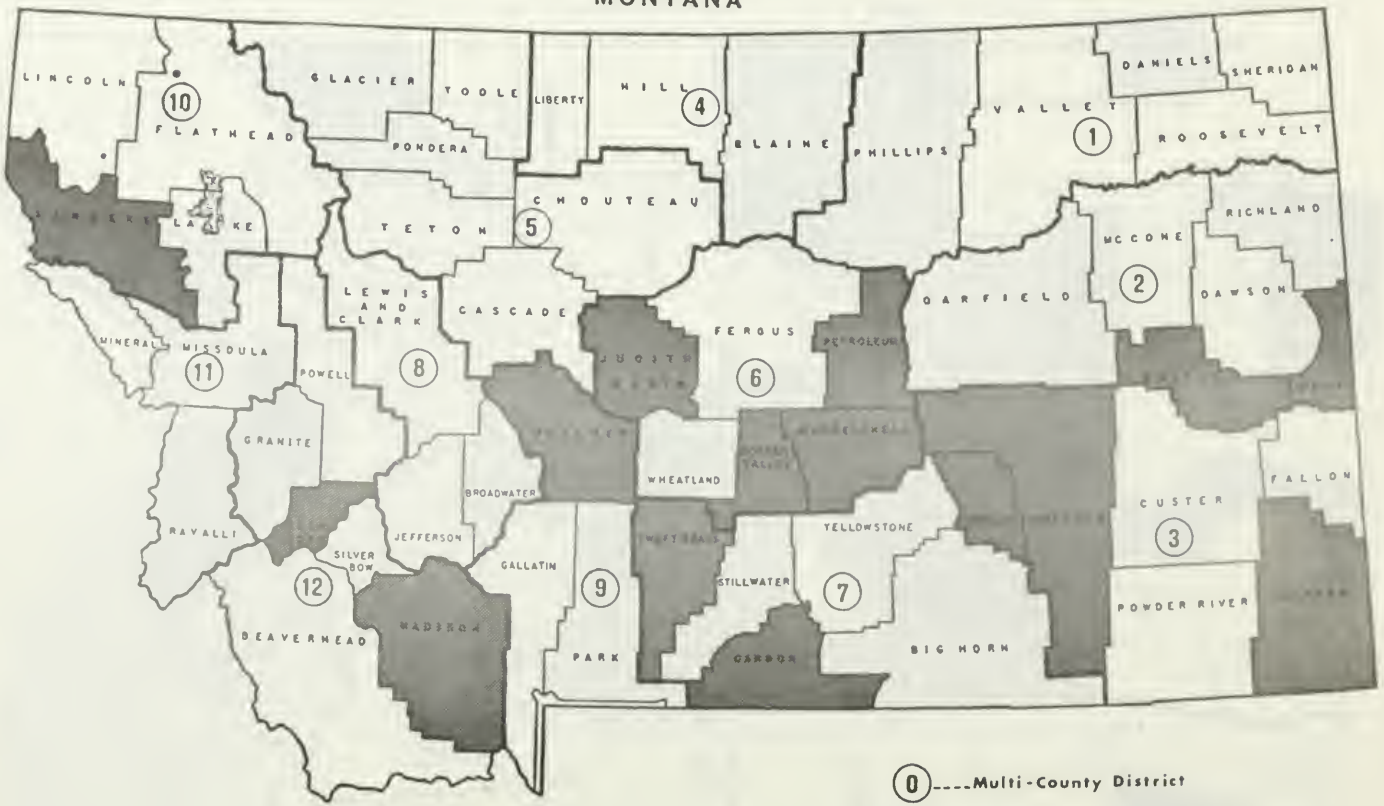


(25% of the counties are approx $\frac{1}{3}$ below the state mean)

MEAN $ MONTHLY RENT

FIGURE NO. 14

MONTANA



(0)----Multi-County District

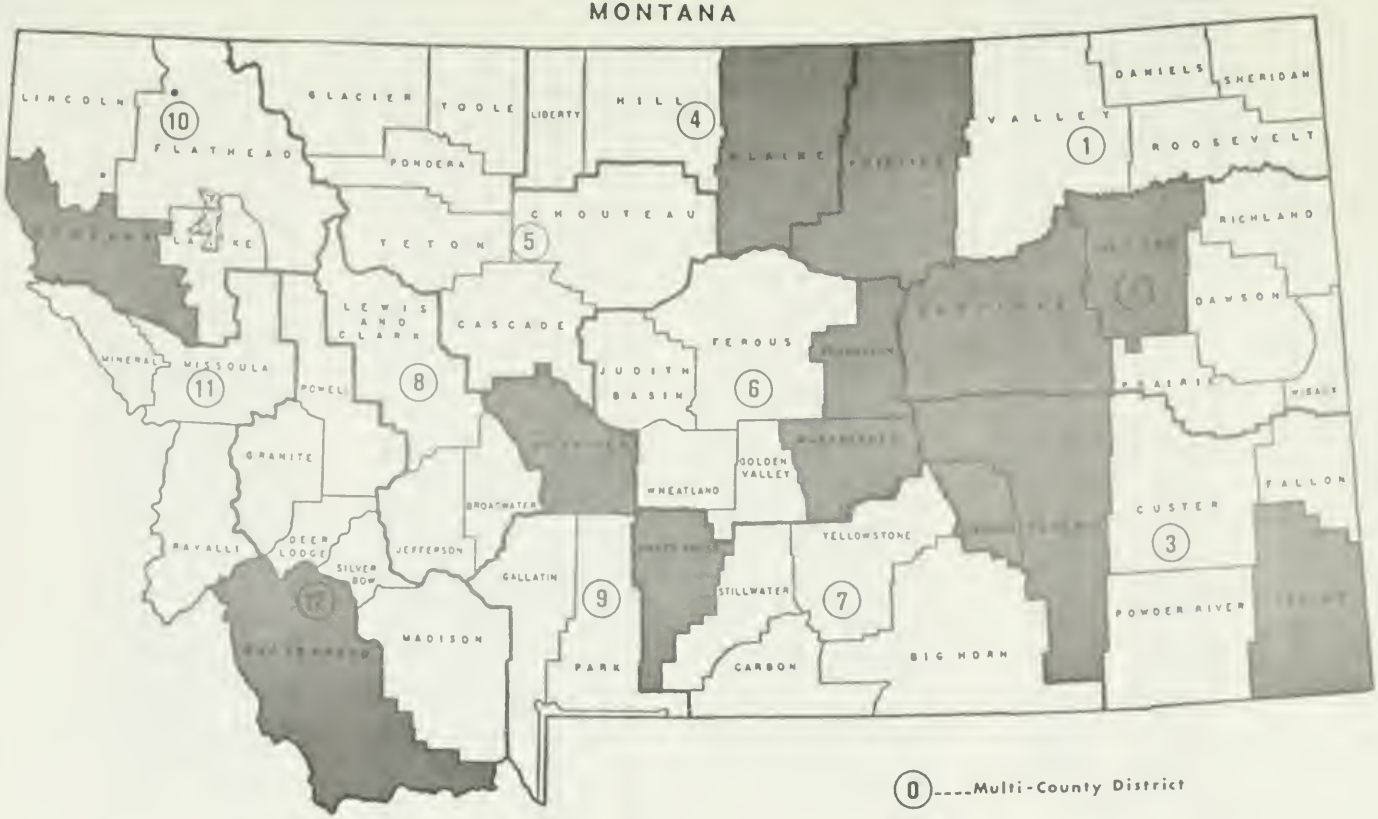
___Mean $ Monthly Rent Under $55

(25 % of the counties are approx. 1/3 below the state mean)

HOUSING UNITS WITH INCOMPLETE PLUMBING FACILITIES

FIGURE NO. 15

MONTANA



(0)----Multi-County District

----Over 16% of Units Have Incomplete Plumbing Facilities

(average for the state = 8.1%)

CHAPTER III

SELECTED HOUSING CHARACTERISTICS

Specific information about housing characteristics considered to be most important in the identification of housing inadequacies is provided in chapters III and IV. The relationship of these housing characteristics to the determination of state housing needs is discussed in greater detail in the appropriate sections of Chapter V.

All Charts were derived from data supplied in 1970 Census of Housing publications. An exception is the poverty level data which was taken from 1970 Census Fourth Count Summary tapes.

A. PLUMBING CHARACTERISTICS

Among the total number of year round housing units in Montana, 8.1% lack complete plumbing facilities. The shaded areas shown in Figure No. 16 indicate the relative magnitude of the problem in urban vs. rural areas. However, the geographical distribution of plumbing incomplete units is not as significantly rural when shown as a percentage of occupied units. This is due to the high number of rural vacant year round units left in a state of disrepair (i.e. there were 15,574 rural vacant year round units and 7,877 urban vacant year round units, many of which had incomplete plumbing facilities in 1970).

When considering housing units with incomplete plumbing facilities, those housing units lacking either flush toilet or piped water are included. These two criteria shown in Figure No.'s 18 and 19, emphasize that plumbing incomplete units, especially in rural areas, may not be suitable for occupancy according to modern standards of living. The reason that the significant urban/rural imbalance shown on these charts does not appear on the previous two figures, is that in the urban areas there is a much higher number of units whose occupants do not have exclusive use of the plumbing facilities (one of the criteria used in the census definition of incomplete plumbing facilities).

B. OVERCROWDING

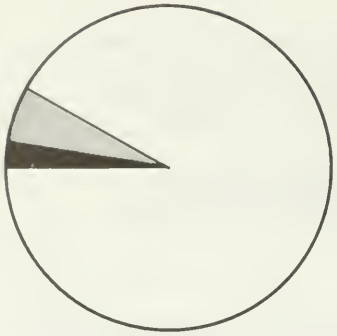
The percentage of population in housing units with 1.01+ persons/room is an indication of the extent to which housing overcrowding exists in Montana. In 1970, 18.8% of the total population was living in overcrowded conditions. Figure No. 20 also shows that roughly two-thirds of the overcrowded population own their homes. However, this figure does not mean that overcrowding is more closely associated with home ownership, because it simply reflects the State proportion of owner occupied to total occupied housing units.

Figure No. 16

Housing Units Lacking Complete Plumbing Facilities

(% of Year Round Units)

Montana



Lacking Complete Plumbing

2.4 % Urban

5.7 % Rural

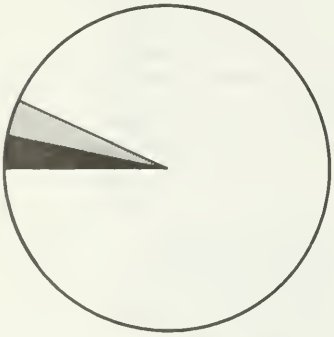
8.1 % Total

Figure No. 17

Housing Units Lacking Complete Plumbing Facilities

(% of Occupied Units)

Montana



Lacking Complete Plumbing

3.1 % Owner

3.5 % Renter

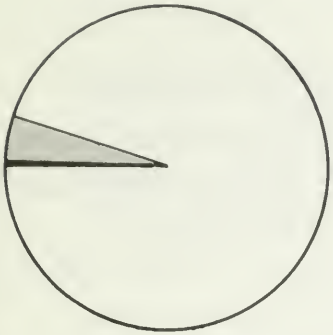
6.6 % Total

Figure No. 18

Housing Units Without Flush Toilet

(% of Year Round Units)

MONTANA



Without Flush Toilet

.3 % Urban

4.6 % Rural

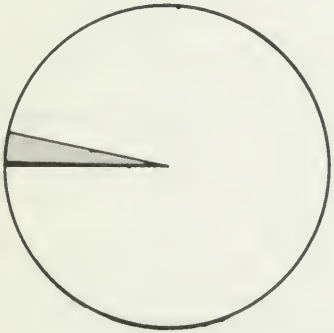
4.9 % Total

Figure No. 19

Housing Units With No Piped Water In Structure

(% of Year Round Units)

MONTANA



No Piped Water In Structure

.1 % Urban

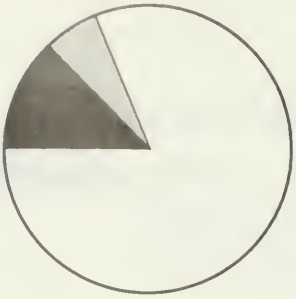
3.1 % Rural

3.2 % Total

Figure No. 20

Population In Housing Units With 1.01+ Persons/Room (% of Total Population)

MONTANA



Population in Housing Units With 1.01+ Persons/Room

12.4 % In Owner Occupied Units

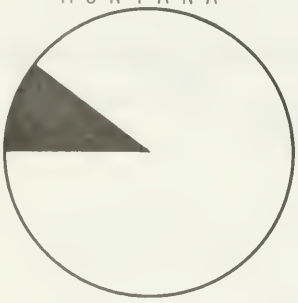
6.4 % In Renter Occupied Units

18.8 % Total

Figure No. 21

Population In Housing Units With 1.01+ Persons/Room (% Lacking Complete Plumbing Facilities)

MONTANA



10.% Lacking Complete Plumbing Facilities

Figure No. 22

Housing Units With 1.01+ Persons/Room (% Urban and Rural)

MONTANA

Housing Units With 1.01+ Persons/Room

42.9 % Urban

57.1 % Rural

Figure No. 21 shows the percentage of overcrowded units which also lack plumbing facilities. The combination of these two characteristics in the same housing unit provides a good measure of housing inadequacy. However, statistical analysts generally admit that the use of this figure alone as an estimate of substandard housing would be excessively conservative.

The last chart in this series (Figure No. 22) indicates that the majority of housing units with 1.01+ persons/room are in rural areas. Since the size of the farm family has been traditionally large (at least through the past decade) and resources available to these areas for housing construction or rehabilitation have been grossly inadequate, the result is a cramped rural housing stock.

C. OTHER INDICATORS OF THE QUALITY AND QUANTITY OF THE HOUSING STOCK

Several characteristics which help to exemplify the nature of Montana's housing market have been selected for this section. Data on the type and age of the dwelling unit, as well as the type of fuel and heating equipment used, form valuable descriptive aids.

1. TYPE OF STRUCTURE (Figure No.'s 23 & 24)

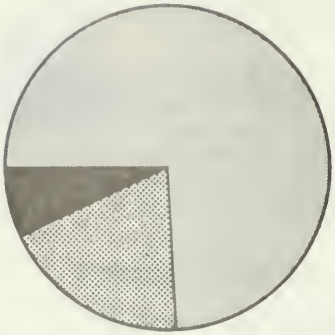
Because of Montana's rural character and housing type demand patterns, 74.1% of the dwelling units in 1970 were in one unit structures. As shown in Figure No. 23, 18.9% of the dwelling units were in multi-unit structures and 7.0% were mobile homes. Unrefined data from other sources, however, indicates that since 1969 and 1970 an increased number of mobile homes were set in place that rivals the number of conventionally constructed housing. Therefore, the percentage of mobile homes most likely has increased, resulting in somewhat of a decrease in the percentage of conventional construction one unit structures. Similarly, there has been a slight increase in multi-unit structures that would change the relative percentages in Figure No. 23.

The greatest impact from mobile home style living apparently has been in rural and suburban areas (both classified in the rural category in Figure No. 24). The principal reasons for this trend in the location of mobile homes and mobile home parks are: (1) the local zoning and land use patterns; and (2) the national trend toward suburbanization. Unless the mobile home is replaced by a relatively cheap form of conventionally constructed housing, it is expected that it will continue to fill the gap in the production industry.

Figure No. 23

Year Round Housing Units By Type Of Structure

MONTANA



74.1 % One Unit Structures

18.9 % Multi-Unit Structures

7.0 % Mobile Homes

Figure No. 24

Mobile Homes By Geographic Area
(% Urban and Rural)

MONTANA

31.4 % Urban

68.6 % Rural

2. YEAR STRUCTURE BUILT (Figure No. 25)

The age of the dwelling unit is not a completely reliable determinant of housing deterioration, but there is a high enough correlation between age and condition to warrant consideration.

It has been conjectured by some housing analysts that the average life span of a conventional construction home is about 50 years. That being the case, we see that nearly 50% of Montana's year round housing stock will be in need of major repair or replacement by 1990, (much of this need is already evident). An additional, undetermined number of units built after 1939 are also in need of repair or replacement. On the other hand, depending on construction methods, materials, and maintenance, many of the older units may still be in excellent condition. There are many examples of 70 and 80 year old homes in our major communities that have been conserved or rehabilitated to modern standards.

3. HOUSE HEATING FUEL AND EQUIPMENT
(Figure No.s 26, 27, 28)

The distributions shown for house heating fuel and house heating equipment reveal a heavy dependence on utility gas (urban and adjacent areas) and fuel oil and bottled gas (rural areas). Most housing units are properly equipped with some form of modern heating equipment and the fuel necessary to run them. However, some persons are still dependent on an archaic heating system, specifically those using coal, coke, or wood for fuel and having only fireplaces, stoves, or portable heaters as a major heat source. Those housing units having no fuel or heating equipment are probably classified as substandard, suggesting the immediate need for a cheap form of replacement housing or rehabilitation.

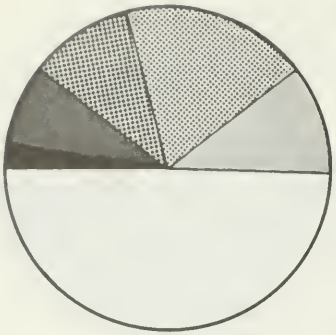
The percentages shown may be useful indicators of the effect of utility rate increases and price hikes on petroleum based fuel. As illustrated in Figure No. 28, both the urban and rural sectors feel the impact of utility gas increases. The rural farm areas are almost exclusively dependent upon the prices of the petroleum industries.

Figure No. 25

Year Structure Built

(% Of Year Round Units)

MONTANA



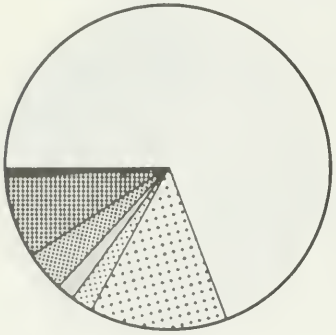
- 2.6 % 1969 to March 1970
- 7.8 % 1965 to 1968
- 10.3 % 1960 to 1964
- 18.6 % 1950 to 1959
- 11.1 % 1940 to 1949
- 49.6 % 1939 or Earlier

Figure No. 26

House Heating Fuel

(Distribution For Occupied Units)

MONTANA



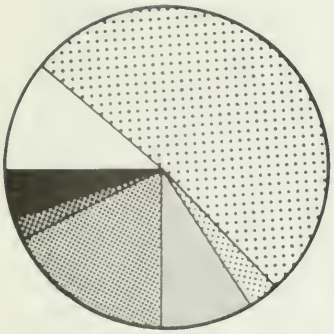
- 69.5 % Utility Gas
- 13.7 % Fuel Oil, Kerosene, Etc.
- 2.1 % Coal Or Coke
- 1.9 % Wood
- 3.9 % Electricity
- 8.5 % Bottled, Tank, Or LP Gas
- .3 % Other
- .1 % None

House Heating Equipment

Figure No. 27

(Distribution For Year Round Units)

MONTANA



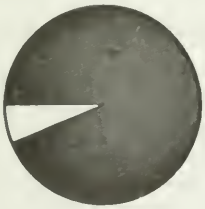
- 11.3 % Steam or Hot Water
- 51.3 % Warm Air Furnace
- 3.0 % Built-In Electric Units
- 9.4 % Floor, Wall, Or Pipeless Furnace
- 17.5 % Room Heaters With Flue
- 2.3 % Room Heaters Without Flue
- 4.9 % Fireplaces, Stoves, Or Portable Heaters
- .3 % None

Urban And Rural Occupied Units

Figure No. 28

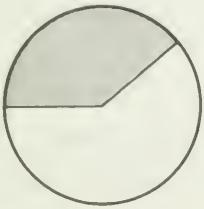
(% Using Utility Gas)

URBAN



- 93.9 % Use Utility Gas

RURAL



- 38.8 % Use Utility Gas

CHAPTER IV

SELECTED SOCIAL AND ECONOMIC CHARACTERISTICS

A. HOUSING DOLLAR VALUE AND DOLLAR MONTHLY RENT

Since housing value is closely associated with the physical condition of the housing unit, a look at the distribution of housing units in selected dollar value categories provides further correlations. Figure No. 29 indicates that the heaviest concentration of owner occupied units occurs in the $5,000 to $20,000 range (67.5% of all the units for which dollar value is tabulated). It is inevitable that a certain percentage of these units are physically substandard or in need of repair, but through the analysis of additional data, it has been determined that this occurence is most significant below the $10,000 value mark.[1] The concentration of units in the low value categories would be even more pronounced if all rural farm units were included in the tabulation (see Appendix for census definition of value tabulations).

The percentages shown for monthly contract rent categories are indicative of conditions existing in the rental market in 1970. As shown in Figure No. 30, contract rent for most units tabulated was under $100 per month in 1970. Of these, 31.2% rented for under $60/month. A high percentage of housing units and apartments renting for under this amount are in varying degrees of dilapidation.[1]

Since 10.5% of the units rented require no payment, no assumptions were made about the condition of these units.

B. POVERTY LEVEL CHARACTERISTICS

The ability to afford decent living conditions is surely one of the major concerns for every American family. In the face of rising construction costs and interest rates, the low and moderate income groups have been stifled in their efforts to achieve "a decent home and a suitable living environment". Generally, a person's income level is directly related to the quality of his dwelling unit, especially in the lower income groups. Poverty level statistics are helpful in identifying the geographic location and social characteristics of those living in substandard housing units. The following section summarizes some statewide relationships of population and housing characteristics to the poverty level (as defined by the U. S. Bureau of the Census).

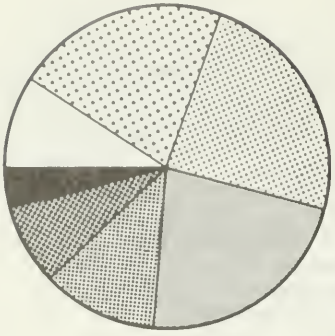
---

1. This determination was made in a study done by the Housing Division in cooperation with the Farmers Home Administration state office in Bozeman, Montana.

Distribution Of Selected Owner Occupied Units By $ Value

Figure No. 29

MONTANA

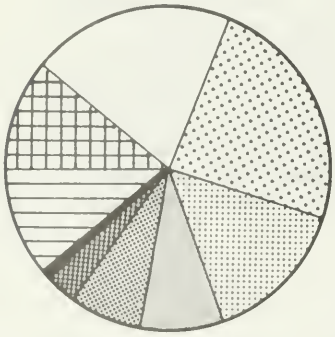


9.2 %	Under $5,000
21.4 %	$5,000 to $9,999
23.7 %	$10,000 to $14,999
22.4 %	$15,000 to $19,999
11.7 %	$20,000 to $24,999
8.1 %	$25,000 to $34,999
2.7 %	$35,000 to $49,999
.8 %	$50,000 +

Distribution Of Selected Renter Occupied Units By $ Monthly Rent*

Figure No. 30

MONTANA



10.9 %	Under $40
20.3 %	$40 to $59
24.0 %	$60 to $79
14.7 %	$80 to $99
8.4 %	$100 to $119
7.3 %	$120 to $149
3.3 %	$150 to $199
.5 %	$200 to $299
.1 %	$300 +
10.5 %	No Payment

* Monthly Contract Rent

The first set of charts (Figure No.'s 31 and 32) shows the relative concentration of persons below poverty level by tenure. 23.0% of those living in rented units are classified as poor while 11.9% of those who own their homes are below poverty level. This is an indication that poor persons are more apt to be living in rented units because of lower monthly housing costs. These lower costs may reflect of landlords' tendencies to forego major repairs on older structures, as well as some low-rent public housing projects. Those who own their homes and are below poverty level income are usually unable to make repairs on their homes because of lack of money or expertise, and the dwelling unit may continue to deteriorate.

Figure No. 33 illustrates the distribution of Montana families in relationship to the poverty level. Over 10% of the families are below the poverty threshold and 37.5% Montana families have incomes of at least three times greater than the poverty level. The bulk of the distribution occurs in the middle category covering the moderate and middle income groups. Information shown in Figure No. 34 further classifies those families below poverty level by selected income categories. The percentages listed reveal that, contrary to the opinion of many, the majority of those below poverty level are not collecting social security or welfare. They are retired persons and active members of the labor force.

Figure No. 35 shows that 87.2% of the poor persons in households are white. This may be a somewhat misleading comparison because of the fact that in 1970 Montana's population contained only 4.5% minority races while 12.8% of the poor population were minority. Therefore, the minority groups have a disproportionately large share of persons below the poverty level.

The geographic distribution of those below the poverty level is slightly disproportionate to the percent distribution of housing units. 52.1% of Montana's occupied housing units are located in urban areas while only 44.3% of the poor population live there (see Figure No. 36). Consequently, the excess percentage of persons below the poverty level is distributed throughout the rural areas.

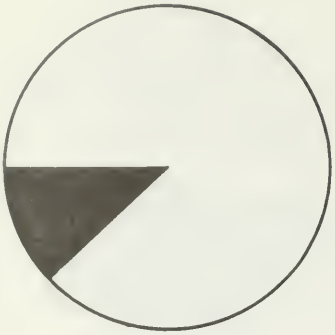
The apparent lack of adequate housing has resulted in undesirable living conditions for a great many people, but the problem is more apparent in those population groups whose livelihood is dependent upon a fixed income. A high percentage of senior citizens are in this income category, and as shown in Figure No.'s 37 and 38 many of them are below the poverty level. The charts indicate that the high percentage is relatively consistent among the entire senior citizen population, and is not merely characteristic of those receiving Social Security or Railroad Retirement income.

Figure No. 31

Selected Owner Occupied Units *

(% Above And Below Poverty)

MONTANA



88.1 % Above Poverty Level

11.9 % Below Poverty Level

Selected Renter Occupied Units *

Figure No. 32

(% Above And Below Poverty)

MONTANA

77.0 % Above Poverty Level

23.0 % Below Poverty Level

* % Below Poverty Level By Census Definition

Income To Poverty Level Ratio

Figure No. 33

(% Of Families In Selected Categories)

MONTANA

10.4 % .99 or Less

52.1 % 1 to 2.99

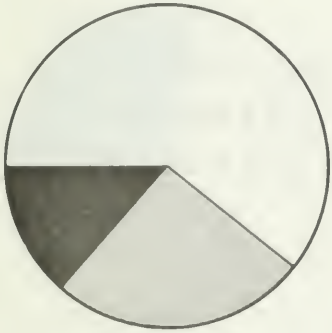
37.5% 3.00 +

Families Below Poverty Level*

Figure No. 34

(% In Selected Income Type Categories)

MONTANA



60.9 % With Earnings

25.9 % With Soc. Sec./RR Retirement

13.2 % Welfare

* Families With Income

Figure No. 35

Poor Persons In Households*

(% White And Non-White)

MONTANA

87.2 % White

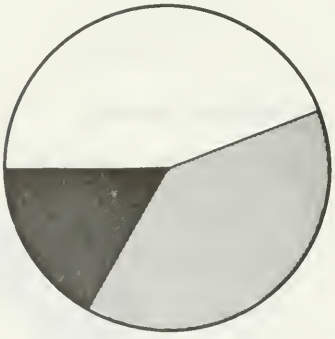
12.8 % Non-White

Figure No. 36

Poor Persons In Households*

(Geographic Distribution)

MONTANA



44.3 % Urban

39.6 % Rural NonFarm

16.1 % Rural Farm

* Persons Below Poverty Level By Census Definition

Figure No. 37

Population 65+ Years Old *

(% Below Poverty Level)

MONTANA

27.5 % Below Poverty Level

Figure No. 38

Population 65+ Years Old Receiving Social Security Or R.R. Retirement *

(% Below Poverty Level)

MONTANA

28.2 % Below Poverty Level

* % Below Poverty Level By Census Definition

CHAPTER V

HOUSING NEEDS ESTIMATE

A. METHODOLOGY[1]

Because uniformity is one of the most important considerations in preparing a statewide estimate of housing need, the Housing Division relied upon information from the Bureau of the Census for a description of Montana's housing characteristics. The Fourth Count Summary Tape presents data in the most useable and comprehensive form available to us, and as such was selected for use in the report. Since the census data items are objective, no direct positive statements are made concerning the adequacy of the physical condition or liveability of the individual housing unit. Consequently, several assumptions have been made with regard to "housing adequacy" and tabulations showing housing characteristics.

The need for new or rehabilitated housing may be indicated in part by the number of units that do not sufficiently provide for the health and welfare of the occupants because of the physical condition of the housing unit. Experience has proven that people living in structurally unsound houses frequently are subjected to health and safety hazards. Homes that are structurally unsound, or lack plumbing facilities or heating equipment are not only undesireable dwelling units, but breeding places of physical illness and social despair. The best available measure of units which may fall into this category is the census tabulation entitled "lacking some or all plumbing facilities". This is one of the criteria selected for the identification of physically substandard housing units.

Since the entire stock of physically substandard units cannot be estimated by reference to only one indicator, an additional measure was adapted which utilized a correlation between the "plumbing completeness" and dollar value of a housing unit. The theory behind this assumption is basically that plumbing complete units below a specified value and rent cutoff are physically substandard for reasons not shown in housing characteristics tabulations. These cutoff values were established by calculating the census value and rent categories below which approximately 70% of the plumbing incomplete housing units are found. The specified value and rent cutoffs are as follows:

	Value	Rent (Gross)
Urban Areas	$7,500	$60.00/month
Rural Areas	$5,000	$40.00/month

1. The methodology used in this Chapter is patterned in part after the method shown in Missouri Housing Needs 1970-1980; June 1973.

The number of physically substandard housing units is the sum of occupied units lacking one or more plumbing facilities, and occupied units (for which value and rent are tabulated) with all plumbing facilities but below the value/rent cutoffs. This results in a somewhat conservative estimate since in Montana there are approximately 44,000 owner occupied units and 6,800 renter occupied units not tabulated for value and rent respectively.

In addition to physically substandard housing, there are other measures which may be used to identify inadequacies in the housing stock. Two were selected for use in this report -- housing overcrowding, and renters paying 25% or more of their income for shelter.

Overcrowding is typically defined as those housing units with a density of more than one person per room. The census provides a tabulation which enumerates all housing units with 1.01+ persons per room -- the figures shown in this report for overcrowding were taken directly from these fourth count tabulations. Although overcrowding may indicate substandard conditions part of the time, it is generally referred to as a measure of the need for redistribution of population into units of appropriate size.

A third measure of housing need was included, mainly to emphasize the high correlation between low income persons and occupants paying 25% or more of their income for rent. Those paying more than 1/4 of their gross annual income for shelter, especially in the low income brackets, are restricted in their ability to afford other essential commodities. Although, the degree of restriction varies greatly with family size, generally speaking, households earning under $7,000 per year and paying high rent are subject to some sort of hardship. Access to similar information for owner occupied housing units would be desirable. Unfortunately, census tabulations do not show the per cent of annual income paid for non-rented units by income category. Therefore, although some home owners surely are burdened by excessive shelter costs, an estimate of their number could not be made.

In summation then, the number of "inadequate" housing units in 1970 is estimated by the following criteria:[1]

1. Physically substandard units
2. Overcrowded housing units
3. Rental units with excessive shelter costs.

---

1. The total number of inadequate housing units indicates the "need" for new construction, rehabilitation, and greater diversification of housing size and type. Item #3 also shows the need for household monetary assistance.

Because Montana's vacancy rates for both owner and renter housing are above normal, no adjustments were made in the number of inadequate units. However, fourth count census tabulations show that at least 25% of the vacant available units are in need of some repair. In order to continue a sound and growing housing stock, routine conservation or rehabilitation of vacant structures should be encouraged through code enforcement programs and other means.

B. 1970 ESTIMATE (see Table No. V-1)

1. PHYSICALLY SUBSTANDARD UNITS

The total number of physically substandard units in Montana is 28,574 (using criteria discussed in the previous section). This is approximately 13% of the occupied housing stock, indicating a pressing need for new construction and rehabilitation projects.

As shown in the table, about 1/3 of the plumbing incomplete units are owner-occupied and located in the rural sector. Plumbing incomplete rental units, on the other hand, have more of an urban/rural balance and total 6,775. The substandard plumbing complete tabulations show a state total of 16,428 units, with major concentrations occuring in urban areas and for owner occupied housing. However, if rent and value were tabulated for all occupied housing units in the state, the difference noted here would not be as great -- there would probably be a greater number of rural substandard plumbing complete units, resulting in slightly higher percentages of physically substandard structures.

2. OVERCROWDED UNITS

The fact that overcrowding is a widespread problem in Montana is evidenced by the distribution shown in Table No. V-1. Of the 19,897 overcrowded households, most are located in rural areas and are predominantly associated with home ownership. The primary reason for this is the high percentage of home ownership in rural areas. There is also a greater problem outside of urban areas associated with available financing for housing expansion or rehabilitation to adequately accommodate the present large family size.

INADEQUATE HOUSING
(1970 Estimate)*

Table No. V-1

OCCUPIED HOUSING UNITS	Physically Substandard Units					
	Units lacking complete plumbing facilites			Substandard With all plumbing facilities.		
	TOTAL	URBAN	RURAL	TOTAL	URBAN	RURAL
TOTAL	12,146	4,447	7,699	16,428	11,674	4,754
OWNER	5,371	592	4,779	10,824	6,772	4,052
RENTER	6,775	3,855	2,920	5,604	4,902	702

	Overcrowded Units		
	TOTAL	URBAN	RURAL
TOTAL	19,897	8,530	11,367
OWNER	12,787	5,123	7,664
RENTER	7,110	3,407	3,703

INCOME	RENTAL UNITS WITH EXCESSIVE SHELTER COSTS	
	25-34% of income paid for rent.	At least 35% of income paid for rent.
Under $ 2,000	1,288	8,673
$ 2,000 to $ 2,999	1,620	3,344
$ 3,000 to $ 4,999	3,260	1,893
$ 5,000 to $ 6,999	1,590	259
$ 7,000 to $ 9,999	651	79
$10,000 to $14,999	65	4
$15,000 to $24,999	5	0
All income categories	8,479	14,252

*Data Source: Bureau of the Census, 1970 Fourth Count Summary Tape
Estimate Prepared by: Housing Division, Department of Intergovernmental Relations

3. RENTAL UNITS WITH EXCESSIVE SHELTER COSTS

As explained earlier, excessive housing cost to income ratios can result in undesirable housing and living conditions. The third part of Table No. V-I summarizes the total number of rental units so classified by the census data. Although 25% of income is generally considered too much to pay for housing, an additional category is included in the table showing those rental units whose occupants are paying at least 35% of income for rent. Of the total number paying at least 25% (22,731), the great majority of households are in the 35% or more category. Furthermore, excessive shelter cost is characteristic almost exclusively of the moderate and lower income groups. The greatest concentration occurs in the under $2,000 income category which shows 8,673 households paying at least 35% of income for rent.

C. 1980 ESTIMATE (see Table No. V-2)

The task of developing and projecting an estimate can become a very detailed and lengthy process depending on the accuracy of the base data and the number of variables considered in making the projection. However, for the purposes of this report, and because of the nature of the base data, a general estimate was prepared, again using Bureau of the Census information.

The figures shown in Table No. V-2 represent projections of the 1970 estimate based on percentages derived from the census publication Components of Inventory Change, United States and Regions (HC(4)-1;June, 1973). This publication presents statistics on the characteristics and the number of units which were either added or deleted from the housing inventory during the 60's. By evaluating information for the Western Region we developed percentages which applied to those statistical categories shown in the 1970 estimate. Basically, we relied on assumptions that housing trends through the 60's will continue in the 70's, and that Western region data is representative of Montana.

The total number of physically substandard units (shown in Table No. V-2) will increase by approximately 4700 units over the 1970 figure if trends in housing production and rehabilitation are not changed. A closer look at the table reveals a decline in the number of plumbing incomplete units and a large increase in the number of substandard units with all plumbing facilities. This is an indication of the continuing trend toward removal of plumbing incomplete units from the market, and the deterioration of homes because of lack of money for or an interest in rehabilitation.

INADEQUATE HOUSING
(1980 Estimate)*

Table No. V-2

OCCUPIED HOUSING UNITS	Physically Substandard Units					
	Units lacking complete plumbing facilities			Substandard with all plumbing facilities.		
	TOTAL	URBAN	RURAL	TOTAL	URBAN	RURAL
TOTAL	6,954	2,051	4,803	26,797	18,939	7,858
OWNER	4,029	444	3,585	18,032	11,270	6,762
RENTER	2,825	1,607	1,218	8,765	7,669	1,096

	Overcrowded Units		
	TOTAL	URBAN	RURAL
TOTAL	16,006	6,836	9,170
OWNER	10,524	4,210	6,314
RENTER	5,482	2,626	2,856

Rental Units with Excessive Shelter Costs	
25-34% or Income Paid for Rent	At least 35% of Income Paid for Rent
11,074	25,953

*Estimate Prepared by: Housing Division, Department of Intergovernmental Relations
(See Text for Methodology)

Overcrowding will continue to be a problem throughout this decade, but present trends indicate a decrease in the total number of overcrowded units. Changes in average family size and a slight increase in the number of rooms per new housing unit are two contributing factors to the decline in the number of households in this category.

As shown in the table, the number of rental households paying excessive shelter costs is not stratified by income categories. The reason for this is that the necessary information is not provided in Components of Inventory Change. The statistics do indicate, however, that we will be faced with even greater inequities in housing cost in relation to household income. By 1980 the number of households paying a disproportionate share of income for rent may be 60% more than the 1970 estimate if the trend during the 60's continues.

CHAPTER VI

MONTANA HOUSING -- THE GENERAL OUTLOOK

A. HOUSING CONDITIONS

An examination of the informtion presented in the previous four chapters produces a broad picture of the physical condition of Montana's housing stock with reference to some occupant characteristics. The comparison of the state's housing situation to that of the nation reveals that proportionately, the need for housing assistance in Montana is at least as great as the need averaged for the United States. Analysis of statistics has also shown that the solution to our housing problems lies, not in the design of housing programs workable only in urban centers, but in the implementation of comprehensive programs reaching to the rural farm areas.

Because of limitations inherent in the census tabulations selected for this report, many details of housing structural deficiencies have not been identified, but through the use of several basic assumptions, specific statements have been made regarding housing condition. Plumbing characteristics, housing value, overcrowding, and income characteristics are the basic criteria used here in the identification of housing need, and have proven very valuable in the production of a uniform statewide estimate. The utility of this information lies mainly in the emphasis of the magnitude of our housing problems, which is illustrated by the totals shown in Chapter V. The relative impact of poor housing condition on social and economic groups may be estimated by reference to charts shown in Chapter IV.

As more detailed information by geographic area is made available through state and local efforts, the development of an accurate housing data system will be made possible. At that time, the stratification of housing needs by housing type, tenure, and value will be feasible as well as desireable. Possibly, through the use of continuing survey systems and better housing records, we will be able to achieve and maintain an acute awareness of the condition of our housing stock and the relative needs of the occupants.

B. HOUSING COSTS

One of the most important considerations in the analysis of the housing market is the trend in housing costs and the relative importance of housing cost components. In Montana and throughout the nation, prices have been increasing at a rapid rate. As shown in Table No. VI-1, the cost of all goods and services has been rising, but in recent years one of the most rapid increases has occurred within the housing industry.

TABLE NO. VI-1

Consumer Price Index: Selected Years
(1967=100)

Year	All items	Food	Housing [a]	Apparel and upkeep	Trans-portation	Medical care	Personal care	Reading recreation	Other goods & services
1950	72.1	74.5	72.8	79.0	68.2	53.7	68.3	74.4	69.9
1955	80.2	81.6	82.3	84.1	77.4	64.8	77.9	76.7	79.8
1960	88.7	88.0	90.2	89.6	89.6	79.1	90.1	87.3	87.8
1965	94.5	94.4	94.9	93.7	95.9	89.5	95.2	95.9	94.2
1966	97.2	99.1	97.2	96.1	97.2	93.4	97.1	97.5	97.2
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	103.6	104.2	105.4	103.2	106.1	104.2	104.7	104.6
1969	109.8	108.9	110.8	111.5	107.2	113.4	109.3	108.7	109.1
1970	116.3	114.9	118.9	116.1	112.7	120.6	113.2	113.4	116.0

a/ Includes shelter, household furnishings and operation, and fuel and utilities.

Beginning with the release of data for January 1971, the reference base for the Consumer Price Index was changed from 1957-59=100. This entire series has been revised to the new base.

Source: Department of Labor, Bureau of Labor Statistics, The Consumer Price Index.

Realizing that total housing costs have continued to increase with respect to the 1967 index figure, it may be beneficial to illustrate the relative increases by cost components. Table No. VI-2 shows that mortgage interest rates have increased 32.1 index points over the 1967 rates. This accounts for a major portion of the increase in total home ownership costs which were up 28.5 points according to the consumer price index chart. Fuel and utilities, at least until now, have been the most stable of the housing related costs shown.

The trend in cost for new construction, one-family homes is shown in Table No. VI-3. Housing prices increased steadily through 1968, leveled off somewhat in 1969 and declined slightly in 1970. However, as evidenced by the data shown in Table No. VI-4, constructions costs for a three bedroom, one-family home in Billings, Montana have gone up steadily since that time. The costs shown are those of the basic housing unit and do not include other essential items such cost of the lot, concrete walks and patios, lot leveling, offsite work, brokers fees, etc. The estimate was prepared with reference to tables from the Department of Housing and Urban Development, Federal Housing Administration office in Helena, and therefore the example dwelling conforms to FHA construction regulations.

An illustration of the relative increase in housing cost components over the last several years in Montana, will highlight the particular elements of housing costs which have contributed most to problems in the housing market. The information listed in Table No. VI-5, shows the relative increases in housing operating expenses since 1970 (excluding insurance). The figures shown depict market conditions in Billings, Montana for a $20,000 home with a main floor area of approximately 1100 square feet. The information is included for comparative purposes only, and does not show exact housing costs throughout Montana.

The percentages shown in Table No. VI-6 represent average yearly housing costs for a $27,000 to $28,000 home. The emphasis here is on the importance of debt retirement in comparison to other regular housing costs. The 63.7% figure shown is based on a 9% interest rate financed over a 20 year period with a 25% down payment. As in the previous example, figures are not precisely representative of costs throughout Montana. The estimate was prepared with reference to average monthly housing costs shown in the publication of the American Chamber of Commerce Researchers Association (ACCRA) and tables supplied by the Helena Federal Housing Administration office. Because of specifications for the estimate in ACCRA, the percentages can be considered representative only for homes in the stated price range and location. However, we can assume that these percentages represent the relative importance of housing cost components throughout the state.

TABLE VI-2

Selected Housing Series of the Consumer Price Index: Selected Years
(1967=100)

Year	Shelter/a	Rent	Total/b	Home Ownership				
				First mortgaged interest rates	Property insurance rates	Home mainenance and repairs	Household furnishings and operation	Fuel and utilities
1955	79.1	84.3	77.0	80.7	67.0	74.1	89.9	85.1
1960	87.8	86.3	86.3	95.3	76.9	84.6	93.8	95.9
1965	93.8	96.9	92.7	89.7	89.8	91.3	95.3	98.3
1966	96.8	98.2	96.3	95.4	95.4	94.6	97.0	98.8
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.8	102.4	102.4	105.7	106.7	104.7	106.1	101.3
1969	113.3	105.7	116.0	120.0	109.3	109.3	115.0	103.6
1970	123.6	110.1	128.5	132.1	113.4	124.0	113.4	107.6

a/ Includes rent, home ownership, and hotel and motel room rates.

b/ Includes home purchases, mortgage interest, real estate taxes, property insurance, and home maintenance and repairs.

Begining with the release of data for January 1971, the reference base for the Consumer Price Index was changed from 1957-59=100. This entire series has been revised to the new base.

Source: Department of Labor Statistics, The Consumer Price Index.

TABLE NO. VI-3

Median Sales Price of New One-Family Homes Sold, by Region and Type of Financing: Selected Years

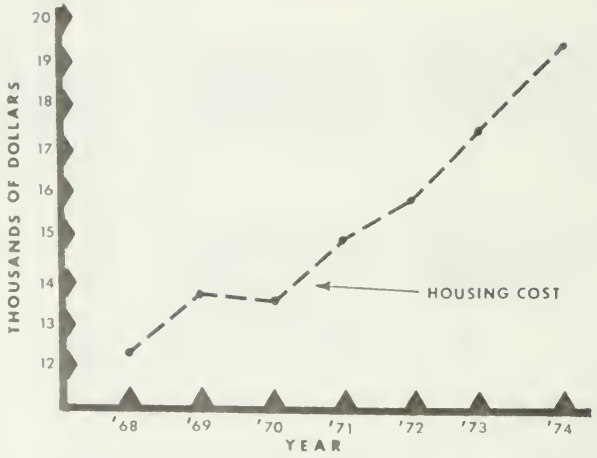
Region and type of financing	Median sales price 1970	1969	1968	1965	1963
All regions	$23,500	$25,600	$24,700	$20,000	$18,000
Northeast	30,400	30,500	27,700	21,500	20,300
North Central	25,000	27,600	27,400	21,600	17,900
South	20,400	22,900	21,500	17,500	16,100
West	24,100	25,100	25,100	21,600	18,800
All types financing	23,500	25,600	24,700	20,000	18,000
FHA-insured	19,300	19,300	19,200	16,500	15,500
VA-guaranteed	23,700	21,800	19,800	17,900	15,700
Conventional mortgages	30,000	30,000	28,500	22,700	20,400
Cash and related types	24,800	26,000	26,100	19,800	18,800
Other types	26,200	25,000	26,300	22,300	19,100

Source: Department of Housing and Urban Development and Department of Commerce, Bureau of the Census, Construction Reports, Series C-25.

TABLE NO. VI-4

Basic Housing Cost Estimate*

April, 1968	$12,434
April, 1969	$13,875
April, 1970	$13,628
April, 1971	$15,024
April, 1972	$15,986
March, 1973	$17,581
April, 1974	$19,517



*Estimate is for a basic FHA, three bedroom home in Billings, Montana. Builders overhead and profit are included, but the cost of the lot, concrete walks and patios, lot leveling, offsite work, brokers fees, etc. are not included. Information shown was obtained from the Helena office of the Department of Housing and Urban Development, Federal Housing Administration, and represents the Housing Division's summary of the data.

TABLE NO. VI-5

Yearly Estimated Housing Expenses (see text)

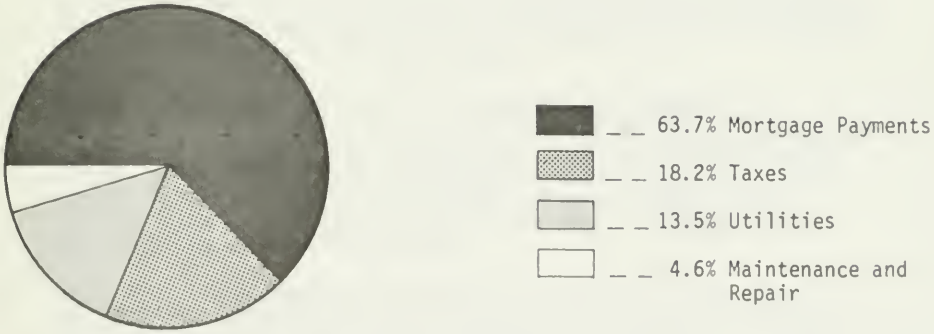
	1970	1971	1972	1973	1974
Heat and Utilities	$348	$408	$432	$432	$444
Maintenance and Repairs	$ 85	$120	$120	$122	$144
Real Estate Taxes	$487	$550	$545	$574	$588

TABLE NO. VI-6

Average Monthly Housing Payments*

As a Percent of Total Monthly Cost

(Excludes Insurance)



*Percentages are based on average costs for a $27,000-$28,000 home with approximately 1700 square feet of floor area. Figures reflect prices in Billings, Montana in 1974.

Average lot size for such a home would be 10,000 to 12,000 square feet and would cost somewhere in the range of $3,500 to $5,500 depending on location.

APPENDIX

SELECTED CENSUS DEFINITIONS

1. Year-round housing units.--Data on housing characteristics are limited to year-round housing units; i.e., all occupied units plus vacant units which are intended for year-round use. Vacant units intended for seasonal occupancy and vacant units held for migratory labor are excluded because it is difficult to obtain reliable information for them.

2. Occupied housing units.--A housing unit is classified as occupied if a person or group of persons is living in it at the time of enumeration or if the occupants are only temporarily absent -- for example, on vacation. However, if the persons staying in the unit have their usual place of residence elsewhere, the unit is classified as vacant.

3. Value.--Value is the respondent's estimate of how much the property (house and lot) would sell for if it were for sale, For vacant units, value is the price asked for the property. The statistics on value are shown only for one-family houses on less than 10 acres without a commerical establishment or medical office on the property. The value tabulations also exclude mobile homes and trailers and units in cooperatives and condominiums.

4. Contract rent.--Contract rent is a monthly rent agreed to, or contracted for, regardless of any furnishings, utilities, or services that may be included. For vacant units, rent is the amount asked for the unit at the time of enumeration. The statistics on rent exclude one-family houses on ten acres or more. Renter units occupied without payment of cash rent are shown separately as "no cash rent" in the rent tabulations.

5. Gross rent.--The computed rent termed "gross rent" is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water) and fuels (oil, coal, kerosene, wood, etc.), if these items are paid for by the renter (or paid for him by someone else, such as a relative, welfare agency, or friend) in addition to rent. Thus, gross rent is intended to eliminate differentials which result from varying practices with respect to the inclusion of utilities and fuel as part of the rental payment. The estimated cost of water and fuels are reported on a yearly basis but they are converted to monthly figures in the computation process.

6. Poverty Status.--The poverty statistics presented in this report are based on a definition originated by the Social Security Administration in 1964 and subsequently modified by a Federal Interagency Committee. The index provides a range of poverty income cutoffs adjusted by such factors as family size, sex of the family head, number of children under 18 years old, and farm and nonfarm residence. At the core of this definition of poverty is a nutritionally adequate food plan ("economy plan") designed by the Department of Agriculture for "emergency or temporary use when funds are low". The index allows for differences in the cost of living between farm and nonfarm families by setting the poverty thresholds for farm families at 85 percent of the corresponding levels for nonfarm families.